

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 198 – SB 294**

January 27, 2021

**SUMMARY OF BILL:** Extends real property tax reimbursement for disabled veterans to prior tax years covered during the pendency of an appeal to the United States Department of Veterans Affairs (VA) for a determination that the veteran has acquired a service-connected permanent and total disability.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$1,191,000/FY21-22**

**Exceeds \$1,191,000/FY22-23 and Subsequent Years**

**Assumptions:**

- In FY19-20, there were 5,798 new approved property tax relief claims for disabled veterans and surviving spouses.
- For this analysis, it is estimated 10 percent or 580 (5,798 recipients x 10.0%) of those claims were successful in their appeal of an initial denial and obtained the disabled veteran designation.
- The Comptroller of the Treasury (COT) reports an average growth rate in tax relief for disabled veterans and their surviving spouses of 15 percent compounded annually.
- The number of claims subject to the provisions of this legislation is estimated to be 767 [(580 claims x 1.15 growth) x 1.15 growth] in FY21-22.
- Based on information located on the VA website, the average number of days to complete an appeal is 685, which would result in an additional two tax years of tax relief reimbursements for eligible recipients.
- The COT provides that the average payment in FY19-20 for property tax reimbursement was \$776.43.
- The increase in state expenditures for disabled veterans and surviving spouse homeowner's property tax relief reimbursement is estimated to be \$1,191,044 (767 claims x 2 tax years x \$776.43 average relief) in FY21-22 and is estimated to exceed \$1,191,044 in FY22-23 and subsequent years.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Bojan Savic". The signature is written in a cursive, flowing style.

Bojan Savic, Interim Executive Director

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